



STATE REPRESENTATIVE

**JON RICHARDS**

WISCONSIN STATE ASSEMBLY

**Assembly Bill 816  
Testimony of Rep. Jon Richards  
Assembly Committee on Judiciary and Ethics  
April 7, 2010**

Thank you Mr. Chairman and members of the committee for allowing me to testify in favor of the Foreclosure Accountability Act, Assembly Bill 816.

AB 816 responds to a major problem we are facing in Wisconsin, and certainly in Milwaukee, in the wake of the foreclosure crisis that has rocked our nation. While the foreclosure crisis, and the lending practices that gave rise to it, touched every corner of our state, our most fragile neighborhoods have borne far more than their share of the foreclosed properties that have remained vacant. Although most of my testimony cites facts and figures on the foreclosure problem in the city of Milwaukee, this is a problem that is happening in almost every community in this state.

I also want to note that most Wisconsin banks and other financial institutions have been doing great work in our communities to help soften the blow from the national financial crisis and have helped Wisconsin families and communities immeasurably during this difficult time.

In 2007-08 mortgage holders filed more than 10,000 foreclosure petitions in the City of Milwaukee. Close to 6,000 foreclosure petitions were filed for properties in Milwaukee last year. That is more than double the historical averages.

Foreclosure is a tragedy for a family who loses their home. But the damage doesn't end there. Another pernicious aspect of foreclosure is when abandoned, boarded up foreclosed homes are allowed to languish in neighborhoods. In Milwaukee, three banks own the lion share, approximately 600, of these abandoned foreclosed properties: Deutsche Bank, Wells Fargo Bank and U.S. Bank. These banks own more than 4,000 foreclosed homes in the State of Wisconsin.

Banks that own foreclosed properties often respond to inquiries about the number of foreclosed properties that they own by stating that they are merely acting as trustees and so they should not be considered owners of the properties. AB 816 covers banks whether they own properties outright or as a trustee.



Banks sometimes become trustees for foreclosed upon properties because they earn income from acting in that role. The fees they receive for any individual house are not that high but they have a large number of them in the portfolio they are able to earn enough money to make taking on the role of trustee worthwhile. With the profits they are making, I believe it is fair for us as policy makers to ask to be more responsible stewards of the properties under their watch.

Often foreclosed homes are clustered in neighborhoods that are already fragile. For example, from the corner of 22<sup>nd</sup> and Center Streets in Milwaukee, approximately 80 homes within a six block radius of that corner have been boarded up or abandoned.

The Foreclosure Accountability Act forbids the State of Wisconsin from contracting with banks that own more than 100 foreclosed upon properties. The bill provides real teeth behind the public policy aspiration that we do not want banks holding onto foreclosed properties and putting Wisconsin neighborhoods, and the people who live in them, at risk.

Abandoned foreclosed properties wreak havoc in the neighborhoods where they are concentrated. Squatters take up residence in the foreclosed properties who have assaulted citizens. Foreclosed properties have also become home to drug dealers who find the abandoned homes an ideal place to set up shop. Firefighters report that vacant foreclosed-upon properties have been used for dog fights and meth labs. Some of these labs have exploded and resulted in fires. In fact, in Milwaukee the incidence of fire in vacant houses has doubled since 2005.

Realtors and residents have explained that buying a foreclosed property to rehabilitate it is often difficult. Responsible potential owners were told by the banks owning the properties that the banks would rather sell these properties in larger packages of ten to twelve homes to buyers with cash. This selling strategy precludes many individual, responsible owners. According to City of Milwaukee officials, as well as realtors and developers, many of these foreclosed properties are being bought by speculators. Many of these speculators are not repairing the properties but flip them or intend to sell them to unsuspecting buyers through 'rent-to-own' transactions.




In 2009, City of Milwaukee officials noted that one half of foreclosed properties have open building code violations.

In talking with banks about the problems with foreclosed properties, some banks, namely Wells Fargo, U.S. Bank and Chase Bank, have started to have a dialogue with neighborhood representatives on how to decrease the number of foreclosed properties and transfer the properties to responsible homeowners. While much more needs to be done, I appreciate those efforts. Deutsche Bank, owner of one of the highest concentrations of foreclosed properties, has refused to sit down to discuss this in person.

I believe that AB 816 will result in banks being much more responsible owners of properties that they own outright or as a trustee in foreclosure and I urge the Committee to pass it as soon as possible.

# Milwaukee County Foreclosures Assessed Value Vs. Sale Price

## Average Foreclosed Property Value Change by Municipality

-  greater than 20% decrease in value
-  up to 20% decrease in value
-  increase in value

## Foreclosed Property Value Change

- greater than 20% decrease in value
- up to 20% decrease in value
- increase in value

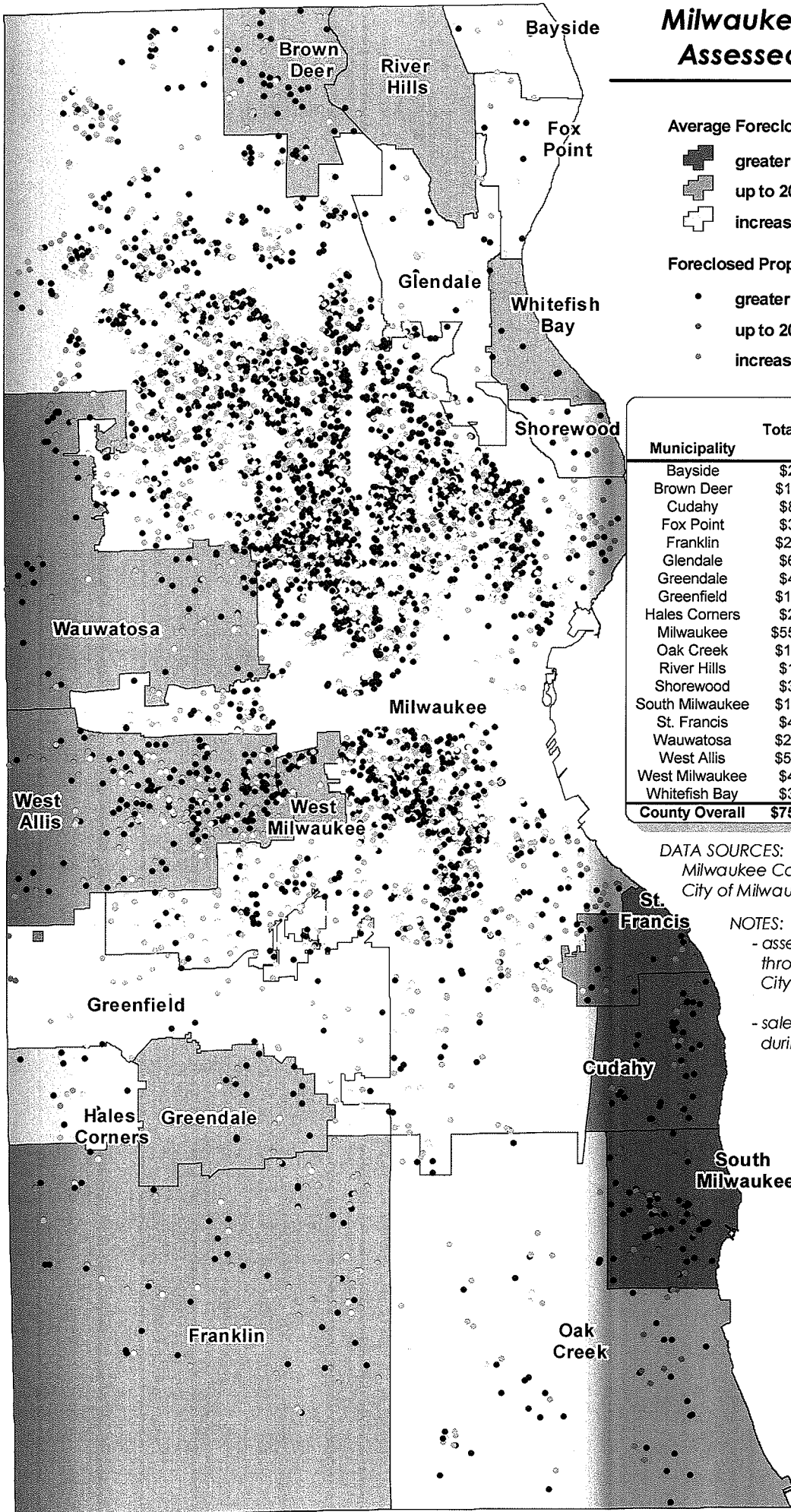
Municipality	Total Assessed Value	Total Sheriff's Sale Proceeds	Change in Value	Number of Properties
Bayside	\$2,119,400	\$1,878,374	-11.4%	7
Brown Deer	\$10,315,300	\$7,621,504	-26.1%	57
Cudahy	\$8,693,600	\$6,368,324	-26.7%	52
Fox Point	\$3,533,600	\$2,959,436	-16.2%	12
Franklin	\$27,688,500	\$22,097,860	-20.2%	87
Glendale	\$6,246,000	\$5,155,046	-17.5%	34
Greendale	\$4,191,800	\$3,179,713	-24.1%	19
Greenfield	\$12,998,800	\$13,305,490	2.4%	92
Hales Corners	\$2,811,900	\$2,312,489	-17.8%	13
Milwaukee	\$552,997,500	\$506,502,625	-8.4%	5,128
Oak Creek	\$17,217,200	\$13,881,252	-19.4%	75
River Hills	\$1,650,000	\$1,284,782	-22.1%	2
Shorewood	\$3,510,200	\$2,964,612	-15.5%	11
South Milwaukee	\$15,549,800	\$11,293,166	-27.4%	78
St. Francis	\$4,235,700	\$3,260,243	-23.0%	27
Wauwatosa	\$21,102,400	\$16,593,529	-21.4%	91
West Allis	\$55,403,000	\$42,672,352	-23.0%	308
West Milwaukee	\$4,979,400	\$3,873,939	-22.2%	32
Whitefish Bay	\$3,619,700	\$2,799,770	-22.7%	13
<b>County Overall</b>	<b>\$758,863,800</b>	<b>\$670,004,507</b>	<b>-11.7%</b>	<b>6,138</b>

## DATA SOURCES:

Milwaukee Co. Sheriff's Office, Treasurer, & Register of Deeds  
City of Milwaukee MPROP

## NOTES:

- assessed values are based on data recorded through 9/18/09 for properties in the City of Milwaukee and 12/31/08 elsewhere
- sale prices are for properties sold via Sheriff's sale during calendar years 2008 & 2009



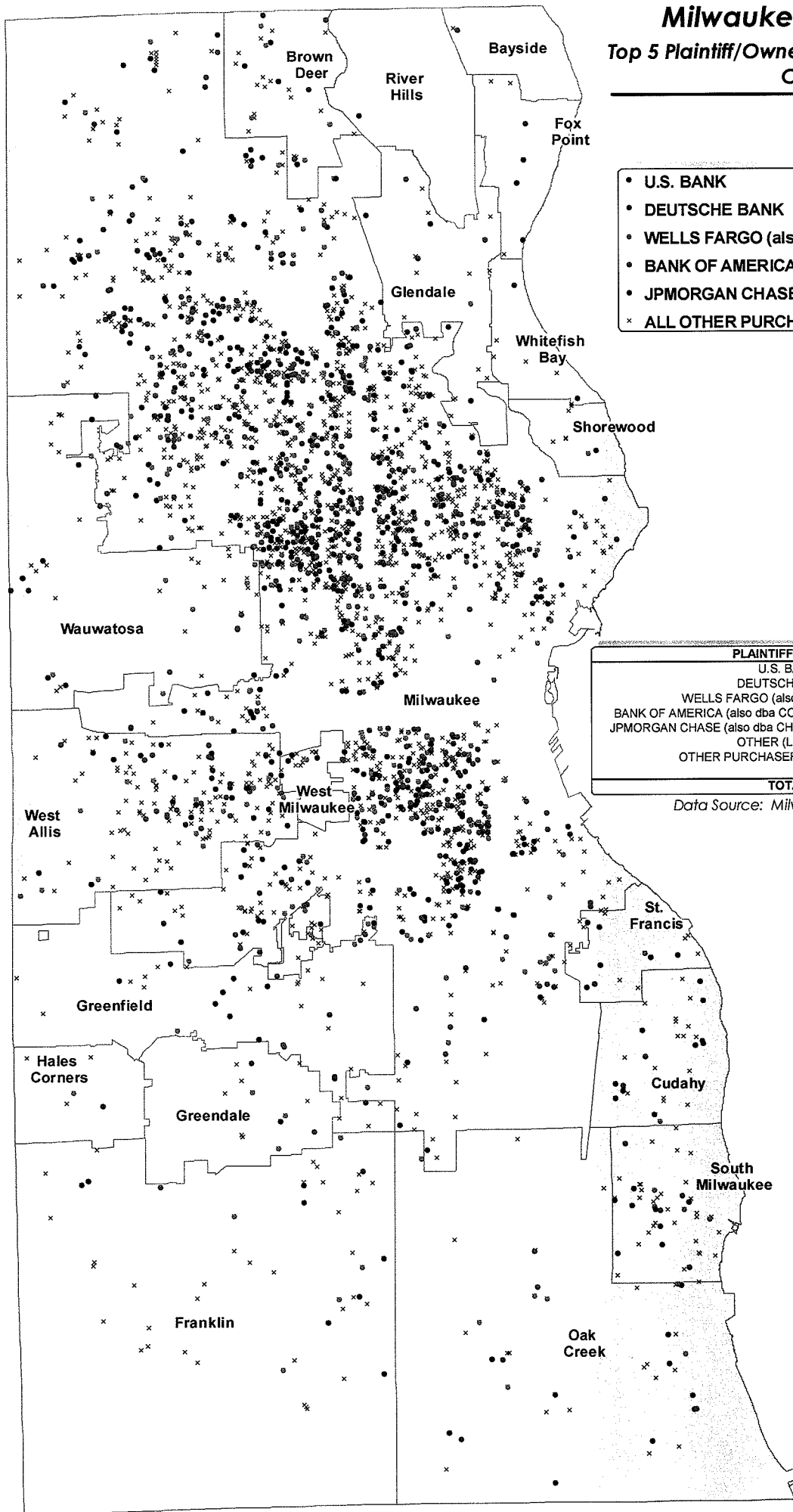
**Milwaukee County  
Land Information Office**

Map Created January 8, 2010

# Milwaukee County Foreclosures

## Top 5 Plaintiff/Owners of Properties Sold via Sheriff's Sale

### Calendar Year 2009



- U.S. BANK
- DEUTSCHE BANK
- WELLS FARGO (also dba WACHOVIA)
- BANK OF AMERICA (also dba COUNTRYWIDE, LASALLE, BAC)
- JPMORGAN CHASE (also dba CHASE, WASHINGTON MUTUAL)
- x ALL OTHER PURCHASERS

PLAINTIFF/OWNER	PROPERTIES PURCHASED	
U.S. BANK	326	11.3%
DEUTSCHE BANK	314	10.9%
WELLS FARGO (also dba WACHOVIA)	291	10.1%
BANK OF AMERICA (also dba COUNTRYWIDE, LASALLE, BAC)	289	10.0%
JPMORGAN CHASE (also dba CHASE, WASHINGTON MUTUAL)	148	5.1%
OTHER (LENDER)	1282	44.4%
OTHER PURCHASERS (NON-LENDER)	235	8.1%
<b>TOTAL</b>	<b>2885</b>	<b>100%</b>

Data Source: Milwaukee Co. Sheriff's Office, Fiscal Affairs Unit



**Milwaukee County**  
**Land Information Office**

Map Created January 25, 2010

Testimony  
Committee on Financial Institutions  
April 7, 2010  
Submitted by Jenny Vellinga

Good morning. I'm Jenny Vellinga. I'm from New Berlin and I'm a member of Common Ground. Common Ground is here today to tell the stories of our neighborhoods and to urge our legislators to change the banks the state works with and bring justice to the people that have been devastated by their reckless conduct. Let me paint a picture of the foreclosure aftermath.

During 2008 and 2009 there were over 50,000 foreclosure filings in the State of Wisconsin and over 10,000 in the City of Milwaukee. There are currently over 1200 bank owned foreclosures in Milwaukee. Two thirds of foreclosed properties have open building code violations. Foreclosed properties are selling for 40% of their assessed value. 60% to 70% of foreclosures involved owner-occupied properties but less than 30% of foreclosed properties are being sold to owner occupants.

The impact of all of this is neighborhood neglect, decrease in property values, loss of tax base, increased usage of fire and police services, safety issues for people living next to foreclosed properties, speculators buying up properties and on and on. Foreclosures filings are now on the rise in the suburbs and across the state. Others will describe the impact on their neighborhoods.

In 2005 there was over \$1 billion of subprime lending activity in the city of Milwaukee. Subprime lending disproportionately affected minority and low-income families. Over 50% of this subprime lending was to homeowners for the refinancing of their existing loans and 60% of people who received sub-prime loans actually qualified for conventional mortgages.

Here is what the large national banks will tell you:

- We don't own these homes – we are just the “trustee”
- Look at the homes we've donated – one bank donated 3 homes last year and the employees helped to fix up another (this same bank did \$129 million in sub-prime lending in Milwaukee County in 2005)

When banks decided to bundle thousands of mortgages, slice and dice them, and then sell them off to investors, they never considered the consequences. Their greed has crushed our communities and yet they try to hide behind the excuse that they are only the “trustee.” The bottom line is that all of the large banks were involved at some point in the chain of making the mortgages, packaging the mortgages, or selling the mortgages to investors. There is a difference between profit and greed; making a living and making a killing. Who do you want to manage your dollars? Who will look after your/our best interests?

This bill is an opportunity for banks to act responsibly and be accountable for the major role they played in creating the devastation in our neighborhoods. Common Ground supports Jon Richards Foreclosure Accountability Bill AB 816. The bill requires the State of Wisconsin to stop doing business with banks that own more than 100 foreclosures. The too-big-to-fail banks have received large amounts of bailout money and are prospering while the local banks are struggling. These large banks are cutting their lending to small businesses. We want the state to begin to do business with banks that act responsibly. It's time to MOVE YOUR MONEY!

Testimony of the Wisconsin Bankers Association

before the

Assembly Committee on Financial Institutions

Opposition to Assembly Bill 816

10:00 a.m., April 7, 2010

Thank you, Chair Fields, and Committee Members. My name is Mike Semmann and I am Director Government Relations with the Wisconsin Bankers Association (WBA). WBA was founded in 1893 and represents nearly 300 bank and thrift institutions and their 30,000 employees. WBA represents the smallest bank in Wisconsin, the largest bank in the state, and just about every bank in between.

Thank you for the opportunity to testify in opposition to Assembly Bill 816 (AB 816). It is the position of WBA that the bill changes the process for state contracts in a punitive and discriminatory fashion. Under current law, with numerous exceptions, if a state agency contracts for services, the services must be obtained from the lowest responsible bidder or the person submitting the most advantageous competitive sealed proposal. This bill creates an exception by prohibiting an agency that is contracting for services from contracting with a financial institution unless the financial institution certifies that it does not own 100 or more residential properties in this state from foreclosure actions on residential mortgages. AB 816 was put together, specifically to target a very small number of banks in Wisconsin.

This bill is punitive to both banks and the state of Wisconsin. According to the March 31, 2010 fiscal estimate, the bill would "require the UW-System to create a certification element when awarding bank contracts. The fiscal impact on the UW-System is expected to be significant; however, the cost is indeterminate at this time." The bill would punish financial institutions by forcing them out of properly bid and secured contracts with the state of Wisconsin,

No bank in Wisconsin wants to see their customer end up in foreclosure. It is a no-win situation for everyone involved. Solutions to address the unique aspects of the current foreclosure problem need to be put forward and considered; however, they must be carefully deliberated. The reasons why people end up in a foreclosure situation are many and varied. Some of the individual cases cannot be resolved short of foreclosure. Using a wide angle lens in considering possible state legislative approaches to this problem will have negative unintended consequences for both creditors and consumers. In reality, that portion of the foreclosure problem that can be addressed through legislation is very narrow.

Public information regarding the foreclosure process is, in many cases, inaccurate and incomplete. A recent analysis by a third-party special interest group, shows that certain banks often mistakenly appear to be behind many of the state's foreclosures when, in fact, they are listed as the entity foreclosing on the property only because they are acting in their loan servicer or trustee capacity. In those instances, that named institution did not initially make that foreclosed loan.

This is an important point. Typically, county and city records show only the name of the trustee on foreclosed properties, instead of the services – which of late has lead to confusion over which institution is responsible for keeping a vacant home properly maintained.

Mortgages are often bundled together and turned into an investment vehicle (like a bond, for example). When this happens those investments are called “mortgage backed securities” and are often held in a trust. The trust appoints several different parties to manage various aspects of the mortgages for them – including a servicer and a trustee. Neither the servicer nor the trustee may have any direct relationship with the borrower.

The servicer’s role involves things like collecting mortgage payments from the homeowner, managing foreclosure proceedings, and maintaining a vacant property after it’s gone into foreclosure. (When people make their mortgage payment, they are making the payment to the mortgage servicer.)

The trustee, on the other hand, has no direct involvement with the borrower or the property itself. It has a more behind-the-scenes function that’s involved with the investors of the mortgage backed security. The trustee handles things like maintaining investor/securities holder records and distributing payment to investors. A trustee does not manage or maintain properties in foreclosure and has no ability to approve loan modifications as they don’t have any authority or other involvement in the foreclosure process.

Interestingly, this bill ignores the efforts of municipalities and many Wisconsin financial institutions to assist distressed homeowners. The city of Milwaukee has undergone an extensive Foreclosure Partnership Program which has the participation of many area financial institutions. In addition, banks have, on their own, instituted their own programs to help mitigate the foreclosure problem.

EXAMPLE 1: Milwaukee Foreclosure Partnership Task Force, created by Mayor Barrett, has made six recommendations about the stabilization portion of the foreclosure initiative and has been working in conjunction with many area financial institutions.

EXAMPLE 2: Chase Bank spent \$1.7 million in Wisconsin and \$236,000 in Milwaukee on property preservation and has an extensive process for tracking, inspecting and maintaining properties. In fact, When a first mortgage loan is delinquent for 45 days – or a home equity loan is delinquent for 70 days – Chase’s tracking system automatically orders a property inspection -- and orders one every 30 days as long as the borrower remains delinquent. In addition, Chase follows strict guidelines for property preservation, and reviews activity on the property every 20-30 days. The average Chase property is sold less than four months after the property first goes up for sale.

WBA wishes to thank all of the committee members today for your careful consideration of the information we have provided. Again, WBA wants to sincerely thank Representative Richards for his outreach to the banking industry and for carefully listening to our concerns over the last several months on this matter. I am happy to take any questions you may have of us at this time or at any other time. Thank you

Testimony  
Committee on Financial Institutions  
April 7, 2010  
Submitted by Pastor Jason Butler

Good morning. My name is Jason Butler and I'm the pastor of Transformation City Church in Milwaukee.

As you will soon be able to tell, I'm not originally from Wisconsin. I grew up in the south and have lived in several cities. But Milwaukee is different than any other place I've ever lived because of its rich history and because of its neighborhoods. Each neighborhood has a different feel and a different story. Like its residents, each neighborhood is unique and special. Lennox Heights, Metcalf Park, Amani, Enderis Park, Riverwest, Sherman Park.

Neighborhoods that have stood tall and proud – many for over 100 years – neighborhoods where we have raised our kids.

But the story and future of our neighborhoods are being hijacked by the irresponsibility and the neglect of absentee landlords, big banks who want to take and take and take and give nothing back. We do not see community banks or state banks involved in this.

Instead of strong neighborhoods filled with proud home owners and renters we have neighborhoods that are becoming vacant and abandoned, open to crime, drug users and pushers, and environmental dangers.

Today we stand at a tipping point and the future of our neighborhoods is in the balance.

Earlier this year our church realized we could not sit back and watch this from the sidelines any longer, so we became part of the story of restoration of Sherman Park.

In May 2009 our church made an offer to purchase a foreclosed duplex in Sherman Park because we wanted to make a difference in a hurting neighborhood.

The house was owned by Wells Fargo Bank.

For the next 3 months we fought with Wells Fargo in an attempt to buy this foreclosed home.

We made our initial offer to the bank and weeks went by before we received their counter offer.

Again, we made another offer, again we waited and waited and waited. It seemed like Wells Fargo simply did not want to sell this abandoned home to anyone.

All the while, the house was falling apart and losing value.

During this 3 month process the house was vandalized causing us thousands of dollars of damage.

The windows were being busted out. Drug paraphernalia like needles and spoons were being left in the yard. The grass was growing out of control. The house was pulling the neighborhood down.



During one conversation with Wells Fargo's agents, ALM, we were told that they did not like to work with individual investors, but would rather do "coffee deals" where they would sell multiple properties to speculators over a cup of coffee.

It seemed to us that Wells Fargo simply did not care about this property or the neighborhood it was in. They did not board up the house or protect the house from being vandalized. Out of a deep frustration at their lack of action, we boarded up the house ourselves and we cleaned up the yard – even before we owned the property.

Finally, after nearly 3 months of repeated offers the bank agreed to sell us the house for their full asking price of \$34,000 cash.

In August we took ownership of the house and to this point have invested an additional \$50,000 into the house.

But this is just one part of the story.

When a home is foreclosed and abandoned the house begins to deteriorate. And for the most part, banks are doing nothing. This costs the city millions of dollars on additional inspections and emergency services – our research tells us the incidence of fires in vacant houses has doubled since 2005.

When one neighborhood is threatened, every neighborhood is threatened.

Foreclosed homes are only selling for 38% of their assessed value – dragging down the cost of all the surrounding properties. So when there is a foreclosed home in your neighborhood, your property will lose value. This has hurt us all.

And this affects owners and renters alike. Recently, two houses up from ours the neighbors invited us into their home. When we walked in we were struck with a terrible odor. Going to the basement we saw why – the sewer had backed up and their basement was full of raw sewage. They had contacted their landlord multiple times, but no response. Finally, at the end of their rope they called the Health Dept. After some research, the health officials informed them that their house was in the process of foreclosure and that is why the landlord never responded. They were given 3 days to find a new place to live. 3 days!

The house is now foreclosed and abandoned and to our knowledge still filled with raw sewage. It stands as a health hazard to the community and will soon be beyond repair.

Foreclosures are a story of deterioration, crime, fear, and neglect.

Abandoned homes are destroying our neighborhoods and threatening our future.

And what are the banks doing?

They are selling 70% of their properties to irresponsible speculators and are not working with responsible homeowners.

In the neighborhood where our house is, in the past 4 months we have seen 6 homes foreclosed and abandoned, boarded up. This is just on our block.

Wells Fargo Bank tells of how they have donated 3 homes to non-profits in Milwaukee over the last years. 3 homes is a very small start. It is a nice gesture but it does not address the scale of the problem. This strategy does not work.

We were so saddened in January when Miss Rita had to move out of the neighborhood. Miss Rita had been living and raising her 4 kids in that neighborhood for over 5 years. She was a leader. Everyone respected her. She had a voice for good. But the home she was renting was foreclosed on and now stands empty.

How would you feel if this was your neighborhood. A neighborhood you loved, you grew up in, to watch and see it fall apart. To see the house where your friends once lived now stand abandoned and falling apart.

This problem is a crisis that may just define our city and possibly our state. Will we be the city of great historic neighborhoods? Or will we be the city of abandoned homes, the city that used to have great neighborhoods?

And that is why we are here today talking to you, our leaders, – to say we are tired of having our story defined by irresponsible and absentee banks. We are tired of seeing our neighborhoods fall apart. We refuse to live foreclosed lives. We refuse to live in abandoned neighborhoods.

We believe in responsibility and accountability and we want to work with banks that believe in those same values.

We are here to ask you to consider moving the states money out of the banks that are responsible for this crisis if they do not begin to take responsibility for this crisis. Why should the state do business, using our money, with banks that are responsible for destroying our neighborhoods?

Testimony  
Committee on Financial Institutions  
April 7, 2010  
Submitted by Margaret Joy Botts

My name is Margaret Joy Botts, and I live in the Sherman Park neighborhood of Milwaukee, an area well-known for its quality housing stock and racial/religious diversity. My husband and I moved to our very nice house on a very nice street in Sherman Park 21 years ago, and have enjoyed the quality of life that comes with living in a quiet, friendly, diverse, and well-kept neighborhood. We are now retired and hope to live for many more years in our house.

Over the last year and a half or so, however, the quality of life on our street has begun to fray as a result of the FORECLOSURE crisis. Over the past year, we have begun to see unshoveled walks in winter, unmowed lawns in summer, general trash and litter, and alley "tagging."

There are currently three vacant houses on our block, one of the three was offered last Saturday at a sheriff's sale. ANOTHER one of these families moved because the head of the household lost his local job in the economic downturn.

There are also two houses for sale on our block, one at an asking price substantially less than its assessed value; taxes on the other house are delinquent. IMAGINE FIVE HOUSES ON YOUR BLOCK, SOME VACANT AND ABANDONED, OTHERS, WITH FAMILIES READY TO MOVE. THE LATEST FORECASTS SEE THIS PROBLEM STAYING THE SAME OR GETTING WORSE. THIS MEANS THE VALUE OF OUR HOME GOES DOWN AND OUR TAXES WILL PROBABLY INCREASE.

It is my understanding that most of the foreclosed homes in Milwaukee are now owned by various banks. My block is not yet what I would call "blighted," but I am increasingly worried that my block, as well as hundreds (thousands?) of other blocks in Milwaukee, will become blighted if the banks do not act quickly and responsibly to sell foreclosed houses not just to "qualified" buyers but to qualified buyers who will live in, and contribute to, a quality neighborhood.

I urge you to CONSIDER OPTIONS FOR THE STATE TO CONSIDER MOVING ITS MONEY TO MORE RESPONSIBLE FINANCIAL INSTITUTIONS. Thank you for your attention.

Testimony  
Committee on Financial Institutions  
April 7, 2010  
Submitted by Mary Leach Sumlin

To see the effects that the foreclosure crisis has had on the communities and neighborhoods is disheartening. Although the presence of boarded and abandoned homes exists all over the city, the inner city where a large population of African Americans and Hispanics reside is more prominent. The existing housing stock is in worse condition.

I work for a non-profit community development corporation as a realtor, credit and home buying counselor. I see a lot of houses that used to be homes to many who are now displaced or homeless. In my eyes, the house has a personality that is still present although it may have suffered the abuse of vandalism.

There are obstacles that discourage and hinder a potential owner occupant from the foreclosure purchase such as delay in response to an offer, requirement of buyer to get banks in house pre approval to accompany offer, the possibility of fees if the closing date needs to be extended.

This gives speculators a greater advantage to the purchase of the home. Many times once the purchase is complete, they take no immediate action to repair the home, do minimal repairs and rent to tenants who are not good neighbors, and also attempt to resell in a rent to own deal where the home is as is and there is a down payment and monthly payments for decades before ownership can occur.

If these can't do service to our community, they should not be able to gain additional profit by handling banking and financial business of the state.

Testimony  
Committee on Financial Institutions  
April 7, 2010  
Submitted by Marecca Vertin

I am a student at Marquette University and as a student and just as much a member of the downtown community in Milwaukee what is happening to the neighborhood I live in is unsettling.

I have been involved in community engagement in the downtown area since I moved to the city almost four years ago and throughout that time I've had many opportunities to meet my neighbors. The past couple of years, I have ventured those same blocks but more and more doors are boarded and once livelier blocks have fallen quiet.

To be honest – while the state in which abandoned houses leave neighborhoods affects me deeply as a member of the neighborhood I live in and as a person, I live here on a temporary lease that is up in May. As a college grad this spring I'll have the opportunity to start anew someplace else if that were to become my choice, and so I am not here to pretend that I am the one who suffers the most when a house gets boarded up and trouble, crashing prices and eyesores rush in.

But this past fall I watched the family with young children whom I had come to know well pack up and move out of the house across from me. They were longer invested in this area. Today, their home remains vacant. Directly next door to me stands another empty house – this one condemned.

So I see the problems, I feel the presence of the idle teenagers these now vacant spaces attract every night and sometimes in the morning. At the same time, I have come to know some of these longstanding residents of my community whose kids I know will bear the hardest and most enduring consequences of neighborhood deterioration. They are the ones that deal most intimately with the messes big banks are walking out on and leaving tax-paying communities like mine to clean up.

Right now are faced with an opportunity here in WI to put things straight, to make a big but sensible change in the way we do business in this state. We are here to take a stand and decide that our money will not be funneled into the same banks that are walking out on us and our neighbors. Not for now.

US Bank is the only bank on our campus and recently a lot of other students at Marquette are telling me the same thing we're saying today – they don't want their money sitting with a lender that doesn't seem to see the consequences of its practices even when they are sitting on the same block as their own building. A lot of us, who live in these neighborhoods, are prepared to move our money to a more responsible lender. WI should be doing the same.

Testimony  
Committee on Financial Institutions  
April 7, 2010  
Submitted by Rev. Bobby Sinclair

I am speaking in favor of Assembly Bill 816 because vacant and abandoned homes are costing communities around the state tax dollars. The cost is just beginning if we don't do something. Common Ground's efforts come from our desire to get ahead of the next wave of devastation that is yet to come. The time is now! *"The biggest **problem** in the world can be **solved** when it was small."*

There is a constant in this devastation- large national and international banks over whom the State of Wisconsin has no statutory control. These banks have played roles throughout the foreclosure crisis and continue to do so. They have benefited from mortgage origination to servicing mortgages to serving as trustees of mortgages. Now they plead innocence to minimize their responsibility while citizens, communities and municipalities in this state pay the price.

Common Ground believes it is time for the State of Wisconsin to reconsider how it uses its money and where it invests this money. These large, national banks are using taxpayer dollars to record large profits. *If you would, consult Pages 10& 11 of the report before you.*

The goal is responsible banks who will do responsible banking and who will work cooperatively to solve a problem they helped to create. We are not alone in this. Numerous institutions around the nation are considering action such as this. *This issue cannot be solved with the same level of thinking that caused it!* We are simply asking the State of Wisconsin to look carefully at what others are considering.

**Denver, CO** – City council is considering moving money based upon foreclosure rates in the City of Denver and the banks with the most foreclosures.

**Los Angeles, CA** – City Council ordered city officials to renegotiate the interest rate swap that cost the city \$19M per year.

**Massachusetts** – Treasurer agreed to move \$100M out of Bank of America if they do not abide by the state's usury laws.

**NYC, NY** – Mayor Bloomberg is considering moving \$25M into credit unions.

**New Mexico** – State Treasurer and state officials rewriting investment policy to invest bond sales cash into local banks.

**Oregon (Lake Oswego)** – Moving \$1.2M from state investment pools into local, community based banks.

Therefore, we are asking you, our legislators and stewards of this great State of Wisconsin, to demonstrate character and courage in leadership to move our money from the clutches whose business practices are damaging to communities in the state and place state funds in the control of responsible financial institutions.